

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2613 – SB 2502**

February 24, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the higher education funding formula to allocate funding to public higher education institutions based in part on first year post-graduation job placement rates; requires the Tennessee Higher Education Commission (THEC) to study the feasibility of Tennessee Student Assistance Corporation (TSAC) refusing to guarantee a student loan for a student who is majoring in a field in which the job placement rate in Tennessee is extremely low; and creates a “Skills for Tomorrow” supplemental award that shall be equal to \$250 per semester for students majoring in high demand fields that have a low supply of qualified Tennessee employees. The additional award shall be funded through the Lottery for Education Account beginning in the 2016-2017 academic year.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – \$4,874,000/Lottery for Education Account

Other Fiscal Impact – The higher education funding formula will not require additional state appropriations; however, some funding may be reallocated amongst institutions based on the inclusion of the first year post-graduation job placement metric.

**SUMMARY OF AMENDMENT (012746):** Deletes all language of the original bill. Creates a “Skills for Tomorrow” supplemental award that shall be equal to \$250 per semester for students majoring in high demand fields that have a low supply of qualified Tennessee employees. The additional award shall be funded through the Lottery for Education Account beginning in the 2016-2017 academic year.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – \$4,874,000/Lottery for Education Account**

Assumptions for the bill as amended:

- The Skills for Tomorrow scholarship program will be an annual award of \$500 (\$250 per semester) and will not change in future fiscal years.

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- Based on information from the Tennessee Department of Labor and Workforce Development and TSAC, the high demand majors with a low supply of Tennessee workers are: precision production pathway, communications development, transportation, production, operations and maintenance, accounting administrative support, construction, business analysis, banking and finance, teacher, training services, and elementary teachers (excludes special education).
- In the fall of 2014, 9,748 students at either a University of Tennessee system institution, a Tennessee Board of Regents institution, or a Tennessee Independent Colleges and Universities Association institution declared majors in one or more of the aforementioned high demand majors. It is assumed this number will remain relatively constant in all future years.
- All eligible students will apply for and receive the Skills for Tomorrow award.
- The recurring increase in state expenditures from the Lottery for Education Account is estimated to be \$4,874,000 (9,748 students x \$500) beginning in FY16-17.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/rbp